

Iowa Power Fund Board
Meeting Minutes July 9, 2008
St. Joseph's Catholic Church Parish Hall
Jefferson, Iowa

Call to Order:

Fred Hubbell, Chair, called the meeting to order at 10:15 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			Ex-Officio Members		
Fred S. Hubbell, Chair	X		Gregory Geoffroy		X
John Bilsten	X		Bill Giddings	X	
Peter Hemken	X		Kent Henning		X
Patricia Higby	Conf Call		Senator Hubert Houser	X	
Carrie LaSeur	X		Senator Roger Stewart	X	
Richard Leopold	X		Rep. Nathan Reichert	X	
John Norris	X		Rep. Chuck Soderberg		X
Bill Northey	X		<i>Due Diligence Committee</i>	Present	Present
Lucy Norton	X		Tom Barton	X	
Mike Tramontina	X		Franklin Codel		
Thomas Wind, V-Chair	X		Ted Crosbie		
			Vern Gebhart		
			Curt Hunter		X
			Fred Hubbell		
			Patricia Higby	Conf Call	X
			Roya Stanley		

OEI staff in attendance: Roya Stanley, Brian Crowe, Bob Mulqueen, Sherry James

Tom Wind welcomed everyone to Jefferson and offered a tour of a wind farm following the board meeting with an opportunity to visit with technicians.

MJ Dolan introduced William Giddings, President of Northwest Iowa Community College. Mr. Giddings will replace MJ as a member of the Power Fund Board. MJ will remain as an alternate.

Approval of Agenda:

Action: Mr. Bilsten moved, Mr. Northey seconded, to approve the agenda as printed. All members present voted "aye".

Approval of Minutes:

Action: Mr. Hemken moved, Mr. Leopold seconded, to approve the June 11, 2008 Power Fund Board minutes with an amendment reflecting the "yes" votes on the Novecta LLC application to include Peter Hemken, Tom Wind and John Bilsten. All members present voted "aye".

Chair's Remarks:

Chair Fred Hubbell reported there were several full applications to be reviewed at this meeting as well as committee reports.

Director's Remarks:

Director Roy Stanley expressed appreciation to Tom Wind for the invitation to Jefferson to begin the "Tour of Iowa" with the Power Fund Board meetings. The tours would be held outside of Des Moines during off-legislative session. Six public forums have been scheduled throughout Iowa. The first three of those forums will be held the same evening as the monthly Power Fund Board meeting.

Public Comments:

Kent Holst, Iowa Energy Park, expressed his appreciation to the DDC members for their work and for the opportunity to submit a full application to show how Iowa Energy Park can benefit Iowa by saving Iowans hundreds of thousands of dollars.

Committee Reports:

Administrative Rules: There was no activity with the Administrative rules committee at this time. Director Stanley reported there may be a time in the near future to begin meeting to make some minor necessary changes.

Due Diligence: Director Stanley reported there were no pre-applications denied at the June 25 DDC meeting. The committee approved three of the four pre-apps presented and the fourth pre-app will be reviewed at the July DDC meeting.

Mr. Wind asked the board to consider requesting full applications for three pre-applications that were denied at previous DDC meetings that involve the use of switch grass or closed loop biomass; Prairie Land Enterprises, Maharishi Vedic City, and Iowa State University. Mr. Wind reported he felt the board needed to be more proactive on these types of projects. He understood the DDC had declined to request full applications for a number of reasons and requested OEI staff work with the applicants on the deficiencies found by the DDC so as to improve their applications. Mr. Hubbell reported he was pleased that the Board was working with OEI staff to assist with these decisions.

There was discussion regarding the status of the negotiations. Chairman Hubbell reported there were two applications approved for contract at the June board meeting and there are two more applications to be considered for awards at this July board meeting. A distribution of Iowa Power fund proposals was distributed for review. There are 11 full applications in negotiations and the status of the negotiations was reviewed in regards to those needing technical review, and if contract meetings had been held.

Review of Full Applications:

Chairman Hubbell reminded the Board members of the prior discussion regarding the voting for the projects. The board members will vote following each presentation: 1.) yes, send the project application to a negotiation team to allow further discussion; 2.) table, to review at a later date to decide if still interested in the project; or 3.) no, not interested in the project. If the decision is made for a project to go to a negotiations team, it would still come back to the full board for final approval.

■ Renewable Energy Group, Inc. – Biodiesel Alternative Feedstock Research Center (\$740,000) Action: Northey, yes; Norris, yes, with a report from DNR and that new info when shared will be a benefit to the entire entity; Tramontina, yes; Bilsten, yes, with investigation; Hemken, yes; Leopold, yes, based on assumption of feed stock chain sustainable carbon based fuel from ground; Norton, yes; Wind, yes; Higby, yes; LaSeur, abstained. *Decision – yes to negotiations.* Negotiating committee is Northey, Wind and Leopold.

■ Maharishi University of Management Research Institute, Iowa Algae Bioreactor Implementation (\$2,008,001) Action: Northey, no, would like to see more money from the investors and application appears to be staff heavy also uncomfortable with the sciences; Norris, yes, requests the negotiation team look at the match amount reported; Tramontina, No, feels like \$2 million is a large commitment, not a strong enough commitment that the project would remain in Iowa, too easy to pick up and move out of state, would like to see what the rest of the applications request before committing; LaSeur, yes, requesting a technical review; Bilsten, yes, requesting a technical review; Hemken, yes, requesting a technical review; Leopold, yes; Norton, yes, this is a broad reaching project, using the same criteria as similar project negotiations and request a technical review before too far into negotiations; Wind, yes, lot of potential with this project; Higby, yes. *Decision – yes, to negotiations.* Negotiating committee is Norton and Hemken

■ City of Fairfield – Making Iowa Cities Sustainable: The Fairfield Model for Energy Security & Economic Vitality – (\$97,000) Action: Northey, yes, area of interest as an in-between project, on a small scale will it set precedent, is it enough for the Power Fund; Norris, yes; Tramontina, yes; LaSeur, yes, negotiations and advise expertise; Bilsten, yes, negotiations to dove tail with energy education; Hemken, yes; negotiations, but concerned with threats to identify in-kind efforts; Leopold, yes; Norton, yes; Wind, yes; Higby, yes. *Decision – yes to negotiations.* Negotiating committee is Bilsten, Norris and LaSeur

■ POET – Project Liberty – Chairman Hubbell reported the POET project was tabled at the April Board meeting and was to be revisited in June or July. He reported that Director Stanley had accompanied him to the POET headquarters in Sioux Falls, SD to meet with POET's leadership. Currently POET is doing a lot of research on corn cob storage and transportation, how to expand operations to handle cellulosic ethanol development next to traditional ethanol operations, as well as how to link cellulosic production to starch production for co-generation heat disbursement. This could be the first cellulosic ethanol plant in the United States. Poet will make a commitment to implement this technology at their other Iowa plants if the research and development is successful. Full environmental impact needs to be evaluated when removing corn cobs off the soil, etc. Action: The Power Fund Board should approve joint negotiations with DED for a commitment of money from the State of Iowa. Tramontina, yes; Norton, yes; Leopold, yes; Hemken, recused; Bilsten, yes; LaSeur, yes; Wind, yes; Norris, yes; Northey, yes; Higby, yes. *Decision – yes to negotiations.* Negotiating committee is Hubbell, Northey, Stanley. Leopold will be consulted for environmental review.

Planning Committee: Mr. Wind reported the committee is working with Navigant consulting and have identified tasks for three specific areas. They are not responsible for actually writing the Energy Plan, but rather assisting with gathering the information for the Plan. A kick-off meeting with Navigant has been scheduled for July 14. Their work is expected to be completed by October 1st.

Application Committee: There was nothing to report.

Energy Efficiency/Energy Education Taskforce: The taskforce has identified three different approaches: 1.) earmark \$1 million for community grant projects; 2.) develop a model community approach project on a larger scale 3.) develop a regional approach within an energy conservation district. The plan was to concentrate on more community involvement approach rather than technical expertise to allow measures. One idea was to utilize the AmeriCorps, modeled after Trees Forever. There was discussion regarding inviting the community in and around Cedar Falls to participate in conversation with replacement of energy efficient buildings with the recent loss during the floods.

There was conversation as to whether the statutory language is broad enough to allow the Power Fund money to do such a project.

It was the consensus for the committee to accept the modification for the expectations, determine the amount of money they would recommend go towards community projects to encourage more planning of an energy efficient re-build, and report an update at the August Board meeting.

OEI authority to select technical reviewers

The current statute states "The board d.) Direct moneys from the fund to be used to purchase private or public technical assistance needed to conduct due diligence activities and to develop an Iowa energy independence plan."

There was discussion regarding the board giving the DDC the authority to approve a technical review per individual, specific application.

Action: Mr. Leopold moved, Ms. Norton seconded, to allow the negotiating team in each case where the decision for a technical review is required, to make the decision on the contracted reviewer. All members present voted "aye".

Awarding of Final Contract

Mr. Crowe reported there were two contracts that had completed negotiations and the staff recommended approval.

◇ University of Northern Iowa - \$51,456 – The project consists of developing, conducting, and analyzing and mailing a comprehensive survey to 21,000 Iowa residents regarding their knowledge, beliefs, attitudes and levels of concern, use, affordability, and behaviors as they relate to energy issues. Three separate mailings of 7,000 households will target poll 21,000 Iowa residents with questions that pertain to current energy topics. Collecting this data will create an adequate base for how Iowans feel about energy issues and how their usage habits change.

Action: Mr. Norris moved, Mr. Wind seconded, to approve granting funds to UNI as recommended. All members present voted "aye".

◇ Novecta, LLC - \$66,550 – The project consists of four experiments designed to research practical issues associated with handling and feeding glycerol. Completion of the research will result in the establishment of guidelines for feed manufacturers so ensure acceptable feed quality. In addition, determining the feeding value of glycerol compared with more expensive ingredients will aid nutritionists in incorporating glycerol in swine and poultry diets.

Action: Ms. Norton moved, Mr. Hemken seconded, to approve granting funds to Novecta, LLC as recommended. All members present voted “aye”.

Public Comments:

There was no public comment.

Other Business:

Director Stanley distributed a White Paper prepared by BBI International on Fractionation Technology Review for Corn Dry Mill Ethanol Plants. This is an educational document for the Power Fund board members.

Adjournment:

There being no further business to discuss at this time, the meeting adjourned at 5:30 P.M. The next Power Fund Board meeting will be held on Wednesday, August 13 at 10:00 AM, in Algona at a location to be determined.

Fred Hubbell, Board Chair

Sherry James, Recording Secretary